

Alternative Minimum Tax and Credit Limitations — Nonresidents or Part-Year Residents P (540NR)

Attach this schedule to Long Form 540NR.

Name(s) as shown on Long Form 540NR

Your SSN or ITIN

Part I Alternative Minimum Taxable Income (AMTI) Important: See instructions for information regarding California/federal differences.

1	If you itemized deductions, go to line 2. If you did not itemize deductions, enter your standard deduction from Long Form 540NR, line 18, and go to line 6	1	_____	00
2	Medical and dental expense. Enter the smaller of Schedule A (Form 1040), line 4, or 2½% (.025) of Form 1040, line 37	2	_____	00
3	Personal property taxes and real property taxes. See instructions	3	_____	00
4	Certain interest on a home mortgage not used to buy, build, or improve your home. See instructions	4	_____	00
5	Miscellaneous itemized deductions. See instructions	5	_____	00
6	Refund of personal property taxes and real property taxes. See instructions. Do not include your state income tax refund on this line.	6	(_____)	00
7	Investment interest expense adjustment. See instructions.	7	_____	00
8	Post-1986 depreciation. See instructions.	8	_____	00
9	Adjusted gain or loss. See instructions	9	_____	00
10	Incentive stock options and California qualified stock options (CQSOs). See instructions	10	_____	00
11	Passive activities adjustment. See instructions	11	_____	00
12	Beneficiaries of estates and trusts. Enter the amount from Schedule K-1 (541), line 12a	12	_____	00
13	Other. Enter the amount, if any, for each item, a through o, and enter the total on line 13. See instructions.			
	a Appreciated contribution carryover	a	_____	00
	b Circulation expenditures	b	_____	00
	c Depletion	c	_____	00
	d Depreciation (pre-1987)	d	_____	00
	e Installment sales	e	_____	00
	f Intangible drilling costs	f	_____	00
	g Long-term contracts	g	_____	00
	h Loss limitations	h	_____	00
	i Mining costs	i	_____	00
	j Patron's adjustment	j	_____	00
	k Pollution control facilities	k	_____	00
	l Qualified small business stock	l	_____	00
	m Research and experimental costs	m	_____	00
	n Tax shelter farm activities	n	_____	00
	o Related adjustments	o	_____	00
	Add amounts on line a through line o	13	_____	00
14	Total Adjustments and Preferences. Combine line 1 through line 13	14	_____	00
15	Enter taxable income from Long Form 540NR, line 19. See instructions	15	_____	00
16	Net operating loss (NOL) deduction from Schedule CA (540NR), line 21d and line 21e, column B. Enter as a positive amount	16	_____	00
17	AMTI exclusion. See instructions	17	(_____)	00
18	If your federal adjusted gross income (AGI) is less than the amount for your filing status (listed below), skip this line and go to line 19. If you itemized deductions and your federal AGI is more than the amount for your filing status, see instructions	18	(_____)	00
	Single or married/RDP filing separately \$163,187			
	Married/RDP filing jointly or qualifying widow(er) \$326,379			
	Head of household \$244,785			
19	Combine line 14 through line 18	19	_____	00
20	Alternative minimum tax NOL deduction. See instructions	20	_____	00
21	Alternative Minimum Taxable Income. Subtract line 20 from line 19 (if married/RDP filing separately and line 21 is more than \$310,060, see instructions).	21	_____	00

Part II Alternative Minimum Tax (AMT)**22 Exemption Amount.** (If this schedule is for a child under age 14, see instructions.)**If your filing status is:****And line 21 is not over:****Enter on line 22:**

Single or head of household	\$225,050	\$60,014	} 22	_____	00
Married/RDP filing jointly or qualifying widow(er)	300,065	80,017			
Married/RDP filing separately	150,031	40,007			

If Part I, line 21 is more than the amount shown above for your filing status, see instructions.

23 Subtract line 22 from Part I, line 21. If zero or less, enter -0-	23	_____	00
24 Total Tentative Minimum Tax (TMT). Multiply line 23 by 7.0% (.07)	24	_____	00
25 California adjusted gross income (AGI) from Schedule CA (540NR), line 45	25	_____	00
26 NOL adjustment, if any, included on Schedule CA (540NR), line 21, column E. Enter as a positive number	26	_____	00
27 Alternative Minimum Tax Income (AMTI) exclusion. See instructions	27	(_____)	00
28 Combine line 25 through line 27	28	_____	00

29 Adjustments and Preferences. See instructions before completing.

a Investment interest expense	_____	00	k Intangible drilling costs	_____	00
b Post-1986 depreciation	_____	00	l Long-term contracts	_____	00
c Adjusted gain or loss	_____	00	m Loss limitations	_____	00
d Incentive stock options and QSOs	_____	00	n Mining costs	_____	00
e Passive activities	_____	00	o Patron's adjustment	_____	00
f Beneficiaries of estates & trusts	_____	00	p Pollution control facilities	_____	00
g Circulation expenditures	_____	00	q Qualified small business stock	_____	00
h Depletion	_____	00	r Research and experimental costs	_____	00
i Depreciation (pre-1987)	_____	00	s Tax shelter farm activities	_____	00
j Installment sales	_____	00	t Related adjustments	_____	00

Add line a through line t and enter total here **29** _____ 00**30** Combine line 28 and line 29 **30** _____ 00**31** California Alternative Minimum Tax (AMT) net operating loss (NOL) deduction. See instructions **31** _____ 00**32 California AMT AGI.** Subtract line 31 from line 30. If you did not itemize deductions, enter the result here and on line 40 and skip line 33 through line 39. If you itemized deductions, enter the result here and continue to line 33. **32** _____ 00**33** Itemized deductions (before federal AGI limitation and proration). Enter the amount from Schedule CA (540NR), line 42 **33** _____ 00**34 Itemized deductions included in Part I.**

a Medical and dental expense, enter amount from Part I, line 2	a	_____	00
b Personal property taxes and real property taxes, enter amount from Part I, line 3.	b	_____	00
c Interest on home mortgage, enter amount from Part I, line 4	c	_____	00
d Miscellaneous itemized deductions, enter amount from Part I, line 5	d	_____	00
e Investment interest expense adjustment, enter amount from Part I, line 7	e	_____	00

Combine line a through line e **34** _____ 00**35** Total AMT Itemized Deductions. Combine line 33 and line 34 **35** (_____) 00**36** Total AMTI. Enter the amount from Part I, line 21 **36** _____ 00**37 Total AMT AGI.** Add line 35 and line 36 **37** _____ 00**38** AMT Itemized Deduction Percentage. Divide line 32 by line 37. Do not enter more than 1.0000 **38** ____ . ____ . ____ . ____**39** Prorated AMT Itemized Deductions. Multiply line 35 by line 38 **39** _____ 00**40 California AMTI.** Subtract line 39 from line 32 **40** _____ 00**41** Total TMT. Enter the amount from line 24 **41** _____ 00**42** California AMT Rate. Divide line 41 by amount from Part I, line 21 **42** ____ . ____ . ____ . ____**43** California TMT. Multiply line 40 by line 42 **43** _____ 00**44** Regular Tax. Enter the amount from Long Form 540NR, line 24 **44** _____ 00**45 Alternative Minimum Tax.** Subtract line 44 from line 43. If zero or less enter -0- here and on Long Form 540NR, line 39.Continue to Part III to figure your allowable credits. (If you have a carryover credit for solar energy or commercial solar energy, also enter the result on Side 3, Part III, Section C, line 22 or 23). If you make estimated tax payments for taxable year 2009, enter amount from line 45 on the 2009 Form 540-ES, Estimated Tax Worksheet, line 16 **45** _____ 00

Part III Credits that Reduce Tax **Note:** Be sure to attach your credit forms to Long Form 540NR.

1 Enter the amount from Long Form 540NR, line 27 1 00
2 Enter the tentative minimum tax from Side 2, Part II, line 43. 2 00

	(a) Credit amount	(b) * Credit used this year	(c) Tax balance that may be offset by credits	(d) Credit carryover
Section A – Credits that reduce excess tax.				
3 Subtract line 2 from line 1. If zero or less enter -0- and see instructions. This is your excess tax which may be offset by credits 3				
A1 Credits that reduce excess tax and have no carryover provisions.				
4 Code: 162 Prison inmate labor credit (FTB 3507) 4				
5 Code: 169 Enterprise zone employee credit (FTB 3553) 5				
A2 Credits that reduce excess tax and have carryover provisions. See instructions.				
6 Code: _____ Credit Name: _____ 6				
7 Code: _____ Credit Name: _____ 7				
8 Code: _____ Credit Name: _____ 8				
9 Code: _____ Credit Name: _____ 9				
10 Code: 188 Credit for prior year alternative minimum tax. 10				
Section B – Credits that may reduce tax below tentative minimum tax.				
11 If Part III, line 3 is zero, enter the amount from line 1. If line 3 is more than zero, enter the total of line 2 and the last entry in column (c) 11				
B1 Credits that reduce net tax and have no carryover provisions.				
12 Code: 170 Credit for joint custody head of household Credit from _____ Credit Form 540NR, _____ X Percentage ____ . ____ = 12 See line 28 instructions on Long Form 540NR.				
13 Code: 173 Credit for dependent parent Credit from _____ Credit Form 540NR, _____ X Percentage ____ . ____ = 13 See line 29 instructions on Long Form 540NR.				
14 Code: 163 Credit for senior head of household Credit from _____ Credit Form 540NR, _____ X Percentage ____ . ____ = 14 See line 30 instructions on Long Form 540NR.				
15 Nonrefundable renter's credit. 15				
B2 Credits that reduce net tax and have carryover provisions. See instructions.				
16 Code: _____ Credit Name: _____ 16				
17 Code: _____ Credit Name: _____ 17				
18 Code: _____ Credit Name: _____ 18				
19 Code: _____ Credit Name: _____ 19				
B3 Other state tax credit				
20 Code: 187 Other state tax credit 20				
Section C – Credits that may reduce alternative minimum tax.				
21 Enter your alternative minimum tax from Side 2, Part II, line 45 21				
22 Code: 180 Solar energy credit carryover from Section B2, column (d) 22				
23 Code: 181 Commercial solar energy credit carryover from Section B2, column (d) 23				
24 Adjusted AMT. Enter the balance from line 23, column (c) here and on Long Form 540NR, line 39. 24				

* If the taxpayer is subject to the business tax credit limitation, the total of the business credits in Part III, Column (b) cannot exceed 50% of the amount reported on Part III, Line 1.

Instructions for Schedule P (540NR)

Alternative Minimum Tax and Credit Limitations — Nonresidents or Part-Year Residents

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2005**, and to the California Revenue and Taxation Code (R&TC).

What's New

Net Operating Loss — For taxable years beginning in 2008 and 2009, California has suspended the net operating loss (NOL) carryover deduction. Taxpayers may continue to compute and carryover an NOL during the suspension period. **However**, taxpayers with net business income of less than \$500,000 or with disaster loss carryovers are not affected by the NOL suspension rules. For more information, see form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates and Trusts.

Business tax credit limitation — For taxable years beginning on or after January 1, 2008, and before January 1, 2010, there is a limitation on the application of business tax credits for taxpayers whose net business income is \$500,000 or more. The limitation is equal to 50% of the net tax before the application of any credits.

Rice Straw Credit — For taxable years beginning on or after January 1, 2008, the Rice Straw Credit has expired. Unused carryover credits are taken on form FTB 3540, Credit Carryover Summary.

General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information, go to our website at ftb.ca.gov and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, the instructions for California Schedule CA (540 or 540NR), and the Business Entity tax tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

Specific differences between California and federal law are noted in the instructions under the applicable line items. See General Information G, Alternative Minimum Taxable Income (AMTI) Exclusion, for information regarding the California alternative minimum taxable income exclusion.

Registered Domestic Partners (RDP)

RDPs under California law must file their California income tax returns using either the married/RDP filing jointly or married/RDP filing separately filing status. RDPs have the same legal benefits, protections, and responsibilities as married couples unless otherwise specified.

If you entered into a same sex legal union in another state, other than a marriage, and that union has been determined to be substantially equivalent to a California registered domestic partnership, you are required to file a California income tax return using either the married/RDP filing jointly or married/RDP filing separately filing status. For further information on what states have legal unions that are considered substantially equivalent, please see our website at ftb.ca.gov and search for **RDP**.

For purposes of California income tax, references to a spouse, a husband, or a wife also refer to a California registered domestic partner (RDP), unless otherwise specified. When we use the initials (RDP) they refer to both a California registered domestic "partner" and a California registered domestic "partnership," as applicable. For more information on RDPs, get FTB Pub. 737, Tax Information for Registered Domestic Partners.

Round Cents to Dollars

Round cents to the nearest whole dollar. For example, round \$50.50 up to \$51 or round \$25.49 down to \$25.

Teacher Retention Credit

For taxable years beginning on or after January 1, 2007, the Teacher Retention Credit has been repealed.

Nonresident and Part-Year Resident

For taxable years beginning on or after January 1, 2002, California law changed to clarify the method used to calculate loss carryovers, deferred deductions, and deferred income for nonresident and part-year resident taxpayers. This changed the tax computation to recognize those items, and established a new method to determine percentages for computing tax for all nonresidents and part-year residents. The nonresident tax forms (Long and Short Form 540NR) were revised to more clearly show that nonresidents pay tax to California only on their California taxable income. For more information, get FTB Pub. 1100, Taxation of Nonresidents and Individuals Who Change Residency.

For taxable years beginning on or after January 1, 2002, the prior year alternative minimum tax (AMT) credit must be applied before any credits that can reduce regular tax below the tentative minimum tax (TMT) in accordance with R&TC Section 17039.

Military Personnel

Servicemembers domiciled outside of California, and their spouses/RDPs, may exclude the servicemember's military compensation from gross income when computing the tax rate on nonmilitary income. Requirements for military servicemembers domiciled in California remain unchanged. Military servicemembers domiciled in California must include their military pay in total income. In addition, they must include their military pay in California source income when stationed in California. However, military pay is not California source income when a servicemember is permanently stationed outside of California. For more information, get FTB Pub. 1032, Tax Information for Military Personnel.

Estimated Tax Payments

Alternative Minimum Tax (AMT) is required to be included in the computation of the estimated tax payments in order to meet a safe harbor from the underpayment of estimated tax penalty.

A Purpose

California tax law gives special treatment to some items of income and allows deductions and credits for some items of expense. Many individuals who benefit from these provisions must pay at least a minimum amount of tax and/or limit the amount of their credits.

Use Schedule P (540NR), Alternative Minimum Tax and Credit Limitations — Nonresidents or Part-Year Residents, to determine if:

- You owe AMT.
- Your credits must be reduced or eliminated entirely. Your credits may be limited even if you do not owe AMT, so be sure to complete Side 1, Side 2, and Side 3 of Schedule P (540NR).

B Who Must File

Complete Schedule P (540NR) to see if AMT applies to you. Attach it to your Long Form 540NR only if any of the following apply:

- You have AMT.
- You have certain credits that are limited by Tentative Minimum Tax (TMT), Part II, line 43 (or in some cases, AMT, Part II, line 45).
- The total of Part I, line 7 through line 13 is negative and you would be liable for AMT without taking those lines into account.
- Schedule P (540NR), Part I, line 21 is more than Part II, line 22, and you have one or more adjustments on line 4 or line 7 through line 130.

C Record Keeping

For AMT, certain items of income, deductions, etc., receive different tax treatment than regular tax. Therefore, you need to refigure items for AMT that you figured for regular tax. In some cases, you may wish to do this by completing the applicable tax form a second time. If you do complete another form, do not attach it to your return, but keep it for your records.

For regular tax, some deductions may result in carryovers to future taxable years. Examples are investment interest expense, net operating loss, and capital loss. Because you may have to refigure these items for AMT, the carryover amount may be different for AMT than for regular tax. Although the carryovers that you figure for AMT do not affect the carryovers for regular tax, you must keep track of your AMT carryovers in order to complete your Schedule P (540NR) in future years.

D Partnerships, S Corporations, Limited Liability Companies (LLCs), Estates, or Trusts

If you are a partner in a partnership, a shareholder of an S corporation, a member of an LLC, or a beneficiary of an estate or trust, you must include your distributive share of adjustments and tax preference items shown on your Schedule K-1 (565), for partners; Schedule K-1 (100S), for shareholders; Schedule K-1 (568), for members of an LLC; or Schedule K-1 (541) for beneficiaries.

E Credit for Prior Year Alternative Minimum Tax

If you paid AMT in a prior year, you may be able to claim the credit for prior year AMT. Get form FTB 3510, Credit for Prior Year Alternative Minimum Tax — Individuals or Fiduciaries, to see if you qualify.

F Additional Information

For more information, get federal Form 6251, Alternative Minimum Tax — Individuals.

G Alternative Minimum Taxable Income (AMTI) Exclusion

A qualified taxpayer must exclude income, positive and negative adjustments, and preference items attributable to any trade or business when figuring AMTI. These adjustments and preference items must also be excluded when calculating any deductions that may result in AMT carryovers. You are a qualified taxpayer if you meet **both of the following**:

- Own or have an ownership interest in a trade or business.
- Have **aggregate gross receipts (less returns and allowances)**, during the taxable year of less than \$1,000,000 from **all** trades or businesses for which you are the owner or have an ownership interest. Gross receipts may include, but are not limited to, items reported on federal Schedules C, Profit or Loss from Business, D, Capital Gains and Losses, E, Supplemental Income and Loss (other than income from a trust), or F, Profit or Loss from Farming, and from federal Form 4797, Sales of Business Property, (figured in accordance with California law), or California Schedule D-1, Sales of Business Property (if required to complete it) that are associated with a trade or business. In the case of an ownership interest, you include only the proportional share of gross receipts of any trade or business from a partnership, S corporation, regulated investment company (RIC), real estate investment trust (REIT), or real estate mortgage investment conduit (REMIC) in accordance with your ownership interest in the enterprise. Apply the \$1,000,000 test to the return regardless of filing status. The threshold does not become \$2,000,000 for married/RDP taxpayers filing jointly.

“Aggregate gross receipts (less returns and allowances)” means the sum of the gross receipts of the trades or businesses which you own and the **proportionate interest** of the gross receipts of the trades or businesses which you own and of pass-through entities in which you hold an interest.

“Gross receipts (less returns and allowances)” means the sum of the gross receipts from the production of business income, as defined in R&TC Section 25120(a), and the gross receipts from the production of nonbusiness income, as defined in R&TC Section 25120(d).

“Proportionate interest” means:

1. In the case of a pass-through entity which reports a profit for the taxable year, your profit interest in the entity at the end of your taxable year.
2. In the case of a pass-through entity which reports a loss for the taxable year, your loss interest in the entity at the end of your taxable year.

3. In the case of a pass-through entity which is sold or liquidates during the taxable year, your capital account interest in the entity at the time of the sale or liquidation.

“Proportionate interest” includes an interest in a pass-through entity including a partnership, S corporation, RIC, REIT, or REMIC.

If you are a qualified taxpayer both of the following applies:

- In Part I, **do not** include any positive or negative adjustments or preference items attributable to any trade or business.
- In Part I, line 17, enter all taxable income attributable to any trade or business.

Specific Line Instructions

Registered Domestic Partners (RDP)

RDPs compute their AMT using the same rules applicable to a married person. RDPs will base their California AMT on the pro forma federal return. For more information on RDPs, get FTB Pub. 737.

Part I Alternative Minimum Taxable Income (AMTI)

If you are a military servicemember domiciled outside of California, subtract your military pay from your federal adjusted gross income.

In Part I, determine your adjustments and preferences that apply to your total taxable income for the year as if you were a resident in the current taxable year and all prior taxable years.

If you itemized your deductions for California regular tax only and not for federal tax, use the amounts from the federal Schedule A, Itemized Deductions, (1040 or 1040NR) that you completed using California figures when these instructions refer to Schedule A.

Line 2 – Medical and dental expenses

Do not include any adjustment for differences between federal and California laws.

Line 3 – Personal property taxes and real property taxes

Enter on this line any of the following from federal Schedule A (1040), line 6, line 7, and line 8:

- State and local personal property taxes
- State, local, or foreign real property taxes

Line 4 – Certain interest on a home mortgage

Enter home mortgage interest in which the proceeds were used for purposes other than buying, building, or improving your principal residence or a qualified dwelling that is your second home. (see IRC Section 163(h)(5)). This may be all or part of the amount on federal Schedule A (Form 1040), line 10, line 11, or line 12.

Example 1: John paid \$950 interest on a \$12,000 home equity loan used to buy a ski boat. He would enter \$950 on line 4 because the proceeds were not used to buy, build, or improve his home.

Example 2: Jackie paid \$1,200 interest on a \$15,000 home equity loan to install a swimming pool at her home. She would not make any entry on line 4 because the proceeds of the loan were used to improve her home.

Exception: Do not include interest on a mortgage you took out before July 1, 1982, if it was secured by property that was your main home or a qualified dwelling used by you or a member of your family at the time you took out the mortgage.

Line 5 – Miscellaneous itemized deductions

Enter the amount from federal Schedule A (1040), line 27 or federal Schedule A (1040NR), line 15 adjusted for differences between California and federal law.

Line 6 – Refund of personal property taxes and real property taxes

Enter on this line any refund of taxes you received if all of the following apply:

- The taxes are those described in line 3
- The taxes are attributable to a taxable year after 1986
- You deducted the taxes in a taxable year after 1986

Line 7 – Investment interest expense adjustment

Enter on this line any investment interest expense adjustment. If you completed form FTB 3526, Investment Interest Expense Deduction, refigure your investment interest expense using a second form

FTB 3526. Complete line 1 through line 8. Follow form FTB 3526 instructions for line 1 through line 8 except for the following:

- When completing line 1, include any interest expense from Schedule P (540NR), Part I, line 4, that was paid or accrued on indebtedness attributable to property held for investment within the meaning of IRC Section 163(d)(5). An example is interest on a home equity loan from which the proceeds were invested in stocks or bonds. This interest might be deductible as home mortgage interest for regular tax, but not for AMT.
- When entering your 2007 disallowed investment interest expense on line 2, use your 2007 AMT disallowed investment interest expense.
- When completing line 4 a-c, refigure your gross investment income, any net gain from the disposition of property held for investment, and any investment expenses by taking into account all of your AMT adjustments and preferences that apply.

Your adjustment is the difference between your AMT form FTB 3526, line 8, and your regular tax form FTB 3526, line 8. If the amount figured for AMT is more than the amount figured for regular tax, enter the adjustment as a negative amount.

If you did not itemize deductions and had investment interest expense, do not enter an adjustment. However, if you reported investment interest expense on federal Schedule E, follow the instructions above for completing form FTB 3526.

Line 8 – Post-1986 depreciation

If you filed federal Schedule(s) C, E, or F and have tangible property which you began depreciating after 1986, you must use the Alternative Depreciation System (ADS) to calculate AMT depreciation as follows:

Property placed in service before 1999

For property placed in service before 1999, refigure the AMT depreciation using the ADS, with the same convention used for the regular tax. See the table below for the method and recovery period to use.

Property placed in service before 1999

IF the property is . . .	THEN use the . . .
IRC Section 1250(c) property	Straight-line method over 40 years.
Tangible property (other than IRC Section 1250(c) property) depreciated using straight line for the regular tax	Straight-line method over the property's AMT class life.
IF the property is . . .	THEN use the . . .
Any other tangible property	150% declining balance method, switching to straight-line the first tax year gives a larger deduction over the property's AMT class life.

Property placed in service after 1998

For property placed in service after 1998, no adjustment is necessary if the property is IRC Section 1250(c) property or tangible property (other than IRC Section 1250(c) property) depreciated using the straight-line method or 150% declining balance method for the regular tax. For any other tangible property, use the 150% declining balance method, switching to the straight-line method the first tax year gives a larger deduction, and the same convention and recovery period used for the regular tax.

Refer to federal Publication 946, How to Depreciate Property, or IRC Section 168(g), for more information on the ADS method.

Grapevines replanted as a result of phylloxera infestation or Pierce's Disease that are depreciated over 5 years instead of 10 years for regular tax, must be depreciated over 10 years for AMT.

Partners, S corporation shareholders, and LLC members: Enter the amount shown on the Schedule K-1 (565, 100S, or 568) issued by your partnership, S corporation, or LLC.

Enter on line 8 the difference between depreciation for regular tax and depreciation for AMT. Do not include depreciation from the following:

- Expenses you incurred as an employee and deducted on federal Schedule A (1040 or 1040NR).
- An activity for which you are not at risk.
- Amounts received from a partnership or S corporation if the basis limitations under IRC Section 704(c) or IRC Section 1366(d) apply.

- A passive activity.
- A tax shelter farm activity.

Instead, include these types of depreciation when you figure adjustments for line 5, line 11, line 13h, line 13m, or line 13n, whichever applies.

If the AMT depreciation is more than the regular tax depreciation, enter the difference on line 8 as a negative amount.

Line 9 – Adjusted gain or loss

You will have an entry on this line only if you reported a gain or loss on California Schedule D (540NR), California Capital Gain or Loss Adjustment, Schedule D-1, federal Schedule D, federal Form 4797, or federal Form 4684, Casualties and Theft, for income producing property that has a different basis for AMT than for regular tax. Generally, if you reported a gain or loss from the sale or exchange of mutual funds, stocks, or bonds, you will not have an entry on this line.

To figure the amount to enter on this line:

Step 1 – Refigure the adjusted basis of the asset sold. Take into account any AMT adjustments you made this year or in previous years for depreciation, incentive stock options, circulation expenditures, pollution control facilities, research and experimental expenditures, and mining costs.

Step 2 – Refigure your gain or loss using the adjusted basis from Step 1.

Step 3 – Figure the difference between the AMT gain or loss and the regular tax gain or loss and enter the result on line 9. Enter the difference as a negative amount if: the AMT gain is less than the regular tax gain; the AMT loss is more than the regular tax loss; or you have an AMT loss and a regular tax gain.

Line 10 – Incentive stock options and California qualified stock options

Incentive stock options (ISOs). For regular tax, no income is recognized when an ISO, as defined in IRC Section 422(b), is granted or exercised. However, this rule does not apply for AMT. Instead, you must generally include on line 10 the excess of:

- The fair market value (FMV) of the stock acquired through the exercise of the option (determined without regard to any lapse restriction) when your rights in the stock first become transferable, or when these rights are no longer subject to a substantial risk of forfeiture, over
- The amount you paid for the stock.

Increase your AMT basis of any stock acquired through the exercise of an ISO by the amount of the AMT adjustment. If you acquired stock by exercising an ISO and you disposed of that stock in the same year, the tax treatment under regular tax and AMT is the same (no adjustment is required).

California qualified stock options (CQSOs).

Under R&TC Section 17502, taxpayers whose earned income from the corporation granting the CQSO was \$40,000 or less may exclude compensation arising from the exercise of a CQSO from regular tax income. The amount of compensation excluded for regular tax must be included for AMT on this line.

Line 11 – Passive activities adjustment

You may want to complete a second form FTB 3801, Passive Activity Loss Limitations, and the other forms or schedules on which your passive activities are reported to figure this adjustment. You may enter the following types of adjustments on this line:

- **Regular passive activities.** Refigure your passive activity gains and losses for AMT by taking into account all AMT adjustments and preferences and AMT prior year unallowed losses that apply to the passive activity. The adjustment is the difference between your AMT passive activity income or loss (from activities reported on federal Schedules C, C-EZ, E, F, or federal Form 4835, Farm Rental Income and Expenses) and income or loss from these activities for regular tax.
- **Publicly traded partnership (PTP).** If you had losses from a PTP, you will have to refigure the losses using any AMT adjustments, preferences, and any AMT prior year unallowed losses.
- **Tax shelter passive farm activities.** Refigure any gain or loss from a tax shelter passive farm activity. Take into account all AMT adjustments, preferences, and AMT prior year unallowed losses.

If the amount is a gain, include it on your AMT form FTB 3801. If the amount is a loss, your adjustment for tax shelter passive farm activity is the loss you reported for regular tax. The AMT loss to carry over is the refigured AMT loss.

- **Insolvency.** If, at the end of the taxable year, your liabilities exceed the FMV of your assets, increase your passive activity loss allowed by that excess but not by more than your total loss. See IRC Section 58(c)(1).

Line 13 – Other adjustments and preferences

Enter the amount of any other adjustments or preferences that apply to you on line 13a through line 13o. Enter the total on line 13.

Line 13a – Appreciated contribution carryover

For taxable years prior to January 1, 2002, California did not conform to the federal treatment of contributions of appreciated property for AMT. As a result, all carryovers from these contributions are still treated as an AMT preference item and subject to the AGI percentage limitation.

Line 13b – Circulation expenditures

If you elected the optional three year write-off period for circulation expenditures under IRC Section 59(e), skip this line.

For regular tax, IRC Section 173 allows you to deduct the full amount of circulation expenditures in the taxable year you paid or incurred them. For AMT, you must amortize these expenditures over three years beginning with the year you paid or incurred the expenditures. Enter the difference between your AMT deduction and your regular tax deduction. If your AMT deduction is more than your regular tax deduction, enter your adjustment as a negative amount.

Line 13c – Depletion

For AMT, if the depletion deduction for mines, wells, and other natural deposits determined under IRC Section 611 exceeds the adjusted basis of the property at the end of your taxable year, you have a depletion preference adjustment.

California conformed in 1993 to the federal repeal of the AMT depletion adjustment for independent oil and gas producers and royalty owners. See federal Form 6251 and instructions. However, your California depletion costs may continue to be different from the federal amounts because of prior differences in law and different bases.

To figure your adjusted basis, use the rules in IRC Section 1016, but do not reduce the adjusted basis by current-year depletion. Figure the excess amount separately for each property. Enter on this line only the depletion amount that exceeds your adjusted basis.

Line 13d – Depreciation (pre-1987)

For AMT, you must use the straight-line method to figure depreciation on property placed in service prior to January 1, 1987. Figure the depreciation separately for each property.

15-year or 18-year real property: Use the straight-line method over the same number of years using the half-year convention and no salvage value.

Low-income housing property: Use the straight-line method over 15 years.

Leased property: Use the straight-line method. Figure the depreciation separately for each property.

Leased recovery property (other than 15-year or 18-year real property, or low-income housing): Use the straight-line method with a half-year convention, no salvage value, and the following recovery period:

5-year property	8 years
10-year property	15 years
15-year public utility property	22 years

Enter the excess of your regular tax depreciation over your AMT depreciation on line 13d.

Line 13e – Installment sales

If, for regular tax purposes, you used the installment method to report a nondealer disposition of property that occurred after August 16, 1986, but before January 1, 1990, and if the obligation that arose from the disposition was an installment obligation to which the proportionate disallowance rule applied, you must refigure your income for AMT purposes without regard to the installment method.

Enter the difference between your AMT and regular tax income on this line. If the AMT income is smaller, enter the difference as a negative amount.

Line 13f – Intangible drilling costs (IDCs)

If you elected the optional 60-month write-off under IRC Section 59(e) for regular tax for all property in this category, skip this line.

IDCs from oil, gas, and geothermal wells are preferences to the extent that the excess IDCs exceed 65% of the net income from the wells. Figure the preference for oil and gas properties separate from geothermal properties. To figure excess IDCs:

- Figure the amount of your IDCs allowed for regular tax under IRC Section 263(c). Do not include any deduction for nonproductive wells. Then refigure your IDCs allowed for AMT by amortizing them over 120 months, starting with the month you placed the well in production. Then subtract your AMT IDCs from your regular tax IDCs to get your excess IDCs. You may elect to use any other method that is allowed in determining cost depletion.
- Figure net income by reducing the gross income from all oil, gas, and geothermal wells that you received or accrued during the taxable year by any deductions allocable to these properties (reduced by the excess IDCs). Use only income and deductions allowed for AMT.
- Multiply the net income by 65% (.65). Subtract the result from the excess IDCs figured in A. This is your excess IDCs that you must enter on this line.

Exception: The preference for IDCs from oil and gas wells does not apply to taxpayers who are independent producers, i.e., not integrated oil companies as defined in IRC Section 291(b)(4). However, this benefit may be limited. First, figure the IDC preference as if this exception did not apply. Then, for purposes of this exception, complete Schedule P (540NR) through line 19, including the IDC preference. If the amount of the IDC preference exceeds 40% of the amount figured for line 19, enter the excess on line 13f (the benefit of this exception is limited). If the amount of the IDC preference is equal to or less than 40% of the amount figured for line 19, do not enter an amount on line 13f (the benefit of this exception is not limited).

Line 13g – Long-term contracts

For regular tax, you may have figured taxable income from a long-term contract (entered into after February 28, 1986) using the completed-contract method or another method.

For AMT, use the percentage-of-completion method described in IRC Section 460(b) to determine your taxable income from any long-term contract defined in IRC Section 460(f), you entered into after February 28, 1986. However, this rule does not apply to: 1) Any home construction contract as defined in IRC Section 460(e)(6), you entered into after June 20, 1988, and before 1991, if you meet the two year estimated completion requirement of IRC Section 460(e)(1)(B)(i) and the \$10-million ceiling on average annual gross receipts requirement of IRC Section 460(e)(1)(B)(ii), or 2) Any home construction contract entered into after 1990.

In the case of a contract described in IRC Section 460(e)(1), use the simplified procedures for allocating costs outlined in IRC Section 460(b)(3) to determine the percentage of completion.

Enter on line 13g the difference between the income you reported for regular tax and the income you recomputed for AMT. If the income for AMT is less than the income for regular tax, enter the difference as a negative amount.

Line 13h – Loss limitations

Important: If you include AMT adjustments or preferences on this line, do not include them on any other line of this schedule. Do not include any passive activities on this line. Instead, use line 11. Also use line 11 for passive tax shelter farm activities. Use line 13n for nonpassive tax shelter farm activities.

For AMT, refigure certain limited losses using your AMT adjustments and preferences. Refigure your gains and losses from activities for which you are not at risk. Also, refigure your basis limitations that apply to partnerships and S corporations. Refer to IRC Sections 59(h), 465, 704(d), and 1366(d).

Enter on this line the difference between AMT limited losses (from activities reported on federal Schedules C, C-EZ, E, F, or federal Form 4835) and your regular tax limited losses from these activities.

Line 13i – Mining costs

If you elected the optional 10-year write-off under IRC Section 59(e) for regular tax, skip this line. For AMT, you must capitalize your mining exploration and development costs and amortize them over 10 years beginning with the taxable year you paid or incurred the expenditures. Enter the difference between your AMT mining amortization and your regular tax mining deduction. If your AMT mining amortization is more than your regular tax mining deduction, enter your adjustment as a negative amount.

See IRC Section 56(a)(2)(B) for special rules that apply to losses related to mining property.

Line 13j – Patron's adjustment

Distributions you received from a cooperative may be includible in income. Unless the distributions are nontaxable, enter on line 13j the total AMT patronage dividend and per-unit retain allocation adjustment reported to you by the cooperative.

Line 13k – Pollution control facilities

For regular tax, you may elect to amortize the basis of a certified pollution control facility over 60 months. For facilities placed in service before 1999, the AMT deduction is figured using the alternative depreciation system (ADS) described in IRC Section 168(g). Use the federal Class Life Asset Depreciation Range System (ADR) under the straight-line method.

For facilities placed in service after 1998, the AMT deduction is figured under the modified accelerated cost recovery system (MACRS) using the straight-line method.

Enter the difference between your AMT pollution control facilities depreciation and your regular tax pollution control facilities amortization. If your AMT pollution control facilities depreciation is more than your regular tax pollution control facilities amortization, enter the adjustment as a negative amount.

Line 13l – Qualified small business stock exclusion (R&TC Section 18152.5)

California law provides an exclusion similar to the federal exclusion under IRC Section 1202 for 50% of the gain on the sale of qualifying small business stock originally issued after August 10, 1993, and held for five years. However, for California purposes, 80% of the issuing corporation's payroll as measured by total dollar value must be attributable to employment located within California, and at least 80% of the value of the assets of the corporation must be used by the corporation in the active conduct of one or more qualified trades or businesses in California. If you excluded gain as allowed under R&TC Section 18152.5, multiply the excluded amount by 50% and enter it on this line as a positive amount.

Line 13m – Research and experimental costs

Do not make this adjustment for costs paid or incurred in connection with an activity in which you materially participated under the passive activity rules or for costs for which you elected the optional 10-year write-off for the regular tax.

If you elected the optional 10-year write-off period for research and experimental expenditures under IRC Section 59(e) for regular tax, skip this line.

For regular tax, IRC Section 174(a) allows you to deduct your research and experimental expenditures in the taxable year you paid or incurred them. If you deducted them in the year incurred, amortize these expenditures over 10 years for AMT. Enter the difference between your AMT deduction and your regular tax deduction. If your AMT deduction is more than your regular tax deduction, enter your adjustment as a negative amount.

See IRC Section 56(b)(2)(B) for special rules that apply to losses related to circulation or research property.

Line 13n – Tax shelter farm activities

Important: If you include AMT adjustments or preferences on this line, do **not** include them on any other line of this schedule.

Complete this line only if you have a gain or loss from a tax shelter farm activity as defined in IRC Section 58(a)(2), that is **not** a passive activity.

If the tax shelter farm activity **is** a passive activity, include it with your other passive activities on line 11.

Refigure all gains and losses you reported for regular tax from tax shelter farm activities using your AMT adjustments and preferences. Figure your tax shelter farm activity gain or loss for AMT using the same rules you used for regular tax except for the following:

- Do not take any refigured loss unless you are insolvent (see IRC Section 58(c)(1)).
- Do not offset gains from other tax shelter farm activities with your refigured loss.

Suspend and carry over your loss to future taxable years until one of the following apply:

- Have a gain in a future taxable year from that same activity.
- Dispose of the activity.

Enter on this line the difference between the amount that was reported for regular tax for the activity on federal Schedule E or federal Form 4835 on line 13d and the amount that would be reported for the activity for AMT.

Line 13o – Related adjustments

If you have an entry on one of the following lines:

- Line 7 (if you deducted investment interest on federal Schedule E).
- Line 8 through line 11.
- Line 13b through line 13n.

Refigure the following items. These adjustments and preferences are limited based on income (other than a limit based on federal AGI or federal modified AGI) using your AMT income:

- IRC Section 179 expense.
- Taxable IRA distribution (if prior year IRA deductions were different for AMT and regular tax).
- Expenses for business or rental use of your home.
- Conservation expenses.
- Self-employed health insurance deduction.
- Keogh retirement plan or self-employed SEP or SIMPLE deduction.
- IRA deduction affected by the earned income limitation of IRC Section 219(b)(1)(B).

Figure the difference between AMT and regular tax amount for each item. Combine the amounts for all your related adjustments and enter the total on line 13o. Keep a copy of all computations for your records, including any AMT carryover and basis amounts.

Line 15 – Taxable income

Enter on this line the amount from Long Form 540NR, line 19. If Long Form 540NR, line 19 is zero, subtract Long Form 540NR, line 18 from Long Form 540NR, line 17 and enter the result as a negative amount.

Line 17 – Alternative Minimum Tax Income (AMTI) exclusion

Qualified taxpayers must exclude income from any trade or business when figuring AMTI. If you are a qualified taxpayer, refer to General Information G, Alternative Minimum Taxable Income (AMTI) Exclusion, and enter your taxable trade or business income on line 17. If zero or less, enter -0-.

Line 18 – Itemized deductions limitation

If you itemized deductions and your federal AGI is more than the amount shown on line 18, your itemized deductions were limited for regular tax. For the AMT, this limitation does not apply. Enter the amount from line 9 of the Itemized Deductions Worksheet in the **instructions** for Schedule CA (540NR) California Adjustments – Nonresidents or Part-Year Residents, Part III, line 43.

Line 20 – AMT Net operating loss (NOL) deduction

If your net business income for regular tax purposes is \$500,000 or more, your AMT NOL deduction is suspended for the 2008 and 2009 taxable years. Net business income is reflected on line 12 and line 18 of Schedule CA (540NR) Column E, and the federal Schedule E, line 26, line 32, and line 40; and the federal Form 4797, line 9, using California amounts. Affected taxpayers may continue to compute and carryover an AMT NOL during the suspension period.

Taxpayers whose net business income for regular tax purposes is less than \$500,000 or with disaster loss carryovers are not affected by the NOL suspension rules.

If you are carrying over an NOL from a prior taxable year, refigure your NOL deduction for AMT purposes as follows:

- Step 1 AMT NOL for prior taxable year:** For the taxable year the loss was incurred, complete another form FTB 3805D, FTB 3805V, FTB 3805Z, FTB 3806, FTB 3807, or FTB 3809 using your AMT income and expense amounts rather than the regular tax amounts.
- Step 2 AMT NOL carryover to the current taxable year:** If you incurred the NOL in 2007, the amount of the carryover is the amount figured in Step 1. Otherwise, the amount of the carryover is the amount from Step 1 minus the amounts used for AMT purposes in all preceding carryover years.
- Step 3 AMT NOL deduction for the current taxable year:** Enter on line 20 the lesser of the NOL carryover from Step 2 or 90% of the amount on line 19.

For more information, get form FTB 3805V, Net Operating Loss (NOL) Computation and NOL and Disaster Loss Limitations — Individuals, Estates, and Trusts.

Line 21 – Alternative minimum taxable income (AMTI)

Married/RDP taxpayers filing separate returns complete the following worksheet if line 21 is more than \$310,060.

1. Enter the amount from Schedule P (540NR), Part I, line 21 1 _____
2. Maximum exemption amount 2 \$310,060
3. Subtract line 2 from line 1 3 _____
4. Multiply line 3 by 25% (.25) 4 _____
5. Enter the smaller of line 4 or \$40,007 5 _____
6. Add line 1 and line 5. Enter the result here and replace the amount on Schedule P (540NR), Part I, line 21, with this amount. 6 _____

Part II Alternative Minimum Tax (AMT)

Line 22 – Exemption amount

If line 21 is more than the amount shown for your filing status in the middle column of the chart on line 22, complete the Exemption Worksheet below to figure the amount to enter on line 22.

Children Under Age 14

If this schedule is for a child under age 14, complete the Exemption Worksheet below.

Exemption Worksheet

If line 21 (AMTI) is equal to or more than \$465,105 if single or head of household; \$620,134 if married/RDP filing jointly or qualifying widow(er); \$310,060 if married/RDP filing separately, your exemption credit is zero.

Do not complete this worksheet; instead, enter -0- on line 22.

1. Enter \$60,014 if single or head of household;
\$80,017 if married/RDP filing jointly or qualifying widow(er);
\$40,007 if married/RDP filing separately 1 _____
2. Enter your AMTI from Schedule P (540NR), Part I, line 21 2 _____
3. Enter \$225,050 if single or head of household;
\$300,065 if married/RDP filing jointly or qualifying widow(er);
\$150,031 if married/RDP filing separately 3 _____
4. Subtract line 3 from line 2. If zero or less, enter -0- .. 4 _____
5. Multiply line 4 by 25% (.25) 5 _____
6. Subtract line 5 from line 1. If zero or less, enter -0-.
If this schedule is for a child under age 14, go to line 7. Otherwise, enter this amount on Schedule P (540NR), Part II, line 22 and complete Schedule P (540NR) 6 _____
7. Child's minimum exemption amount 7 \$6,400
8. Enter the child's earned income, if any. Refer to the instructions for federal Form 6251 for more information 8 _____

9. Add line 7 and line 8 9 _____

10. Enter the smaller of line 6 or line 9 here and on Schedule P (540NR), Part II, line 22 10 _____

Line 23 – If the line 23 result is zero or less, enter -0- on line 23, line 24, and line 43. Go to line 44.

Line 27 – AMTI exclusion

If you are a qualified taxpayer (refer to General Information G, Alternative Minimum Taxable Income (AMTI) Exclusion), enter your trade or business income attributable to both of the following: (1) California sources for any part of the year you were a nonresident (2) your income from all sources for any part of the year you were a resident. These are the amounts you would have included on Schedule CA (540NR), column E. If zero or less, enter -0-.

Line 29 – Adjustments and preferences

Follow the instructions for Part I, line 7 through line 13o. Enter on line 29a through 29t the amounts that relate to income and deductions shown on Schedule CA (540NR), Part II, column E. This is income from both of the following: (1) California sources for any part of the year you were a nonresident (2) your income from all sources for any part of the year you were a resident. If you are a qualified taxpayer as described under General Information G, Alternative Minimum Taxable Income (AMTI) Exclusion, make sure to exclude positive and negative adjustments and preferences related to your trade or business income.

Line 31 – California AMT net operating loss (NOL) deduction

Follow the instructions for Part I, line 20. Enter the AMT NOL from California sources on Part II, line 31, but not more than 90% of the amount on Part II, line 30.

Line 44 – Regular tax before credits

Enter on this line your regular tax from Long Form 540NR, line 24.

Part III Credits That Reduce Tax

Complete Part III **only** if you have tax credits.

Use Part III to determine the following:

- Amount of credit that may be used to offset tax.
- Tax that may be offset.
- Amount of credit, if any, that may be carried over to future years.
- Order in which to claim credits, if you have more than one credit to claim.

Before you begin Part III:

- Complete Long Form 540NR through line 27.
- Figure the amount of your credit(s) using the credit form or worksheet identified on the Credit Table on page 8. **Attach the credit form to your Long Form 540NR, if applicable.**

For taxable years beginning on or after January 1, 2008, and before January 1, 2010, there is a limitation on the application of business tax credits for taxpayers whose net business income is \$500,000 or more. The limitation is equal to 50% of the net tax before the application of any credits.

Taxpayers whose net business income is less than \$500,000 or taxpayers who do not have business tax credits do not have a credit limitation.

How to compute the net business income

Net business income is reflected, respectively, on California Schedule CA (540NR) line 12 and line 18 Column E, and the federal Schedule E, line 26, line 32, and line 40; and the federal Form 4797, line 9, using California amounts.

How to compute the limitation

The total of all business tax credits including the carryover credits for the taxable year should not reduce the net tax below 50%. The limitation only applies to business tax credits, and does not apply to the following credits:

- Credit for household and dependent care
- Credit for adoption costs
- Renter's tax credit
- Credit for personal exemption
- Credit for qualified joint custody head of household and qualifying taxpayer with a dependent parent

- Credit for senior head of household
- Excess contributions of unemployment compensation

The credits listed above are required to be applied before any business tax credits are applied.

The combined amount of all your new business tax credits or carryover business tax credits cannot be greater than 50% of the amount of tax on line 27, of Form 540NR Long.

Business tax credits disallowed due to the 50% limitation may be carried over. The carryover period for disallowed credits are extended by the number of taxable years the credit was not allowed.

Taxpayers are required to keep track of the disallowed business tax credits on a worksheet and provide it to the Franchise Tax Board upon request.

To complete Part III:

- Complete line 1 through line 3 to figure the amount of excess tax you may offset by credits.
- Identify which section(s) of Part III you may use to take your tax credit(s). Credits without carryover provisions are listed on Schedule P (540NR) in Section A1, Section B1, and Section B3, and may be taken only in those sections. Credits with carryover provisions are listed on the Credit Table on page 8. The table identifies the section(s) of Part III in which you may take these tax credits.
- If you have a credit(s) in Section B, be sure to complete line 11 in addition to the line(s) for your credit(s).
- If your credit is taken in Section A2 or Section B2, enter the credit code and credit name in the space provided. Refer to the Credit Table on page 8 for the credit code.
- Complete column (a) through column (d) for each line on which you are taking a credit. Refer to "Column Instructions."
- If your credit(s) are taken in more than one section, complete each section before going to the next section.
- Once you complete Part III, see "How to Claim Your Credits."

Section A Instructions

Line 3 – Subtract line 2 from line 1. If the amount is zero or less than zero, go to question 1. If the amount is more than zero, go to Section A1 instructions.

1. Does the Credit Table show that you may take your credit ONLY in Section A1 or Section A2?

Yes You may not take the credit this year. Go to question 2.

No Go to Section B to figure the amount of credit you may take this year. Then continue to Section C if the Credit Table shows that you may also take your credit in Section C.

2. Does the credit have carryover provisions?

Yes Enter the credit code, credit name, and credit amount in column (a) of the section indicated by the table. Enter -0- in column (b). Enter the credit amount in column (d). This is the amount of the credit you may carry over and use in future years.

No You may not take the credit this year or in future years.

For taxable years beginning on or after January 1, 2002, the prior year AMT credit must be applied before any credits that can reduce regular tax below the TMT in accordance with R&TC Section 17039.

Section A1 Instructions

Line 4 and Line 5 – If you have any of the credits listed in this section, complete column (a) through column (c) for each credit in the order listed.

Enter the lesser of the prorated credit or the maximum allowed for the credit from the worksheet for line 31 instructions in the Long Form 540NR.

Section A2 Instructions

Line 6 through Line 10 – Follow the Credit Table instructions to find out in which section to claim your credit. Then complete column (a) through column (d) for each credit in each section before going to the next section.

Section B1 Instructions

Line 12 through Line 15 – If you have any of the credits listed in this section, complete column (a) through column (c) for each credit in the order listed.

Enter the lesser of the prorated credit or the maximum allowed for the credit from the worksheet for line 31 instructions in the Long Form 540NR.

Section B2 Instructions

Line 16 through Line 19 – Follow the Credit Table instructions to find out in which section to claim your credit. Then complete column (a) through column (d) for each credit in each section before going to the next section.

Generally, it is to your advantage to apply credits with limited carryovers before credits with no limitation on carryover. However, you may apply credits with no limitation on carryover first, if that is to your advantage.

Section B3 Instructions

Line 20 – If you have other state tax credit, complete column (a) through column (c).

Section C Instructions

Line 22 and Line 23 – If you have any of the credits listed in this section, complete column (a) through column (d) for each credit in the order listed.

Column Instructions

In column:

- (a) Enter the amount of credit available to offset tax.
- (b) Figure the amount of credit you are able to use this year by entering the smaller of the amount in column (a) or the amount in column (c) from a previous line.
- (c) Figure the amount of tax remaining to be offset by other credits by subtracting the amount in column (b) from the balance in column (c) of a previous line.
- (d) Enter the amount of credit carryover available to use in future years by subtracting the amount in column (b) from the amount in column (a).

How to Claim Your Credits

Claim your credits by transferring them to Long Form 540NR as follows:

Credits from Part III, Line 12, Line 13, and Line 14 – Add the amounts from column (b) of line 12, line 13, and line 14. Enter the total on Long Form 540NR, line 31. Write "Schedule P (540NR)" to the left of Long Form 540NR, line 31. Do **not** complete Long Form 540NR, line 28 through line 30 and line 31a.

Credits from Part III, Line 4 through Line 10 and Line 15 through

Line 21 – If you claim only one or two credits, enter the name, code number, and amount of the credit from column (b) on Long Form 540NR, line 32 and/or line 33.

Nonrefundable Renter's Credit – Enter the total amount of nonrefundable renter's credit from column (b) in Section B1 on Long Form 540NR, line 35.

Other credits – If you have other credits to claim from Section A or Section B, add the amounts from column (b) for those credits. Enter the total on Long Form 540NR, line 34.

Credit Table Instructions

1. Find your credit(s) in the Credit Table on page 8.
2. See which sections are identified under "Offset Tax in Section."
3. Take the credit only in the section(s) the Credit Table identifies for your credit.
4. Use the credit in the earliest section possible.
5. Complete each section before going to the next section.

Credit Table

Code	Current Credits	Form	Offset Tax in Section
197	Child Adoption*	Worksheet	B2
209	Community Development Financial Institution Deposits*	N/A	A2
173	Dependent Parent*	Worksheet	B1
205	Disabled Access for Eligible Small Businesses	FTB 3548	A2
204	Donated Agricultural Products Transportation	FTB 3547	A2
190	Employer Child Care Contribution	FTB 3501	A2
189	Employer Child Care Program	FTB 3501	A2
203	Enhanced Oil Recovery	FTB 3546	A2
169	Enterprise Zone Employee	FTB 3553	A1
176	Enterprise Zone Hiring & Sales or Use Tax 1 = hiring 2 = sales or use tax	FTB 3805Z	B2, B2 ₂
218	Environmental Tax	FTB 3511	A2
207	Farmworker Housing*	N/A	A2
170	Joint Custody Head of Household*	Worksheet	B1
198	Local Agency Military Base Recovery Area Hiring & Sales or Use Tax	FTB 3807	A2
172	Low-Income Housing	FTB 3521	B2
211	Manufacturing Enhancement Area Hiring	FTB 3808	A2
213	Natural Heritage Preservation	FTB 3503	B2
None	Nonrefundable Renter's Credit*	Worksheet	B1
187	Other State Tax	Sch. S	B3
188	Prior Year Alternative Minimum Tax	FTB 3510	A2
162	Prison Inmate Labor	FTB 3507	A1
183	Research	FTB 3523	B2
163	Senior Head of Household*	Worksheet	B1
210	Targeted Tax Area Hiring & Sales or Use Tax	FTB 3809	B2
Code	Repealed Credits with Carryover Provisions	Form	Offset Tax in Section:
175	Agricultural Products	FTB 3540	A2
196	Commercial Solar Electric System	FTB 3540	B2
181	Commercial Solar Energy	FTB 3540	B2 C
194	Employee Ridesharing	FTB 3540	A2
191	Employer Ridesharing (Large)	FTB 3540	A2
192	Employer Ridesharing (Small)		
193	Employer Ridesharing (Transit Passes)		
182	Energy Conservation	FTB 3540	A2
215	Joint Strike Fighter – Wages	FTB 3540	A2
216	Joint Strike Fighter – Property Costs	FTB 3540	A2
159	Los Angeles Revitalization Zone Hiring & Sales or Use Tax	FTB 3806	B2
160	Low-Emission Vehicles	FTB 3540	A2
199	Manufacturers' Investment	FTB 3540	B2
185	Orphan Drug	FTB 3540	B2
184	Political Contributions	FTB 3540	A2
174	Recycling Equipment	FTB 3540	A2
186	Residential Rental & Farm Sales	FTB 3540	A2
206	Rice Straw	FTB 3540	A2
171	Ridesharing	FTB 3540	A2
200	Salmon & Steelhead Trout Habitat Restoration	FTB 3540	A2
180	Solar Energy	FTB 3540	B2 C
179	Solar Pump	FTB 3540	A2
217	Solar or Wind Energy System	FTB 3540	A2
178	Water Conservation	FTB 3540	A2
161	Young Infant	FTB 3540	A2

*See the Credit Chart in the Form 540NR Booklet.